

# MIAMI BEACH

## Special City Commission Meeting

City Hall, Commission Chambers, 3rd Floor, 1700 Convention Center Drive  
June 27, 2014

Mayor Philip Levine

Note: Present telephonically

Vice-Mayor Micky Steinberg

Commissioner Michael Grieco

Commissioner Joy Malakoff

Note: Present via video conference

Commissioner Edward L. Tobin

Commissioner Deede Weithorn

Commissioner Jonah Wolfson

Note: Absent

City Manager Jimmy L. Morales

City Attorney Raul Aguila

City Clerk Rafael E. Granado

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### ATTENTION ALL LOBBYISTS

**Chapter 2, Article VII, Division 3 of the City Code of Miami Beach, entitled "Lobbyists," requires the registration of all lobbyists with the City Clerk prior to engaging in any lobbying activity with the City Commission, any City Board or Committee, or any personnel as defined in the subject Code sections. Copies of the City Code sections on lobbyists laws are available in the City Clerk's Office. Questions regarding the provisions of the Ordinance should be directed to the Office of the City Attorney.**

Meeting called to order at 2:11:48 p.m. by Vice-Mayor Micky Steinberg.

Pledge of Allegiance lead by Frank Del Vecchio.

Vice-Mayor Steinberg announced that Commissioner Joy Malakoff would be present via video conferencing (Skype) and Mayor Philip Levine would be present telephonically.

Raul J. Aguila, City Attorney, explained that under this limited instance, he has determined that an extraordinary circumstance exists. Miami-Dade County has asked the City to consider the Memorandum of Intent (MOI) that will be before the Commission shortly prior to issuance of the County budget on July 1, 2014. Since the MOI also addresses funding for the Convention Center renovation and expansion project, which is a project that this City Commission has identified as one of the highest priorities, he has opined that an extraordinary circumstance does exist that would allow the Mayor and Commissioner Malakoff to participate respectively while abroad, via telephone and via "Skype." Additionally, he wants to note for the record that a physical quorum of the members of the Commission is present at the meeting today. Therefore allowing the interactive participation by Mayor Levine and Commissioner Malakoff. City Attorney Aguila stated that not only are the Mayor and Commissioner Malakoff allowed to participate, but they will be allowed to vote on this matter as well.

**REGULAR AGENDA****R7 - Resolutions**

- R7A A Resolution Approving And Authorizing The Mayor And City Manager To Enter Into A Memorandum Of Intent Between The City And Miami-Dade County Regarding Funding For The City's Convention Center Expansion And Renovation Project.  
(City Manager's Office)

**ACTION: Resolution 2014-28644 adopted.** Motion made by Commissioner Tobin to approve the resolution; seconded by Commissioner Weithorn, conditioned upon there being no change in terms by the County, otherwise the deal is off; Voice vote: 6-0; Absent: Commissioner Wolfson. **Kathie G. Brooks and Raul J. Aguila to handle.** **Clerk's Note:** Mayor Philip Levine was present telephonically and Commissioner Joy Malakoff was present via video conference.

City Manager Jimmy L. Morales explained the item. He apologized for the rapid nature of this MOI and the items discussed therein. In a meeting on June 5, 2014 with County Mayor Carlos A. Gimenez, our Mayor, himself and various members of the County staff met to talk about the Convention Center and other issues. As part of that discussion, Mayor Gimenez and his staff asked if there was any way that the City could assist the County with the budget shortfall that the County is facing this year and next year. The County asked for a creative way to do that. Immediately Mr. Morales commenced thinking about things that could be of assistance to the City in this process. Mr. Morales' staff, Kathie G. Brooks, John Woodruff, Patricia Walker, Max Sklar, as well as City Attorney Raul J. Aguila, worked hard on hammering out the details. The City Manager expressed his gratitude to these individuals, who have worked so hard on this matter.

City Manager Morales stated that what is before the Commission is an agreement that accomplishes four things:

1. The former South Pointe RDA, which has been converted to an MOU (Memorandum of Understanding) through 2020, requires the County to provide funding to the City equivalent to what the City had been receiving under the RDA. Mr. Morales explained that over the next two years there are \$18 million per year that would be payable to the City. The County has asked if they could defer those amounts, essentially by adding one year to make it to 2021 and 2022; then spreading the deferred amount over a period of time. That deferral will go a long way to allow the County to bridge their gap. These are funds the bulk of which could not be used by the City at this time, except for south of 6<sup>th</sup> Street. As a result, these are funds that the City is not losing, they are just being deferred, but the City did not have any use for these funds at this point, because almost all the capital projects south of 6<sup>th</sup> Street have either been completed or already funded and allocated. Therefore it nets no real downside to the City.

In exchange, what the City asked from the County is a 30 year/95% extension of the RDA for the City Center (Convention Center Area). As part of continuing the current

process, the budget for the RDA will be approved by the Miami Beach Commission, without prior approval by Miami-Dade County, as is the case with all new RDAs that the County has granted. This would be completed by October 1, 2014. All of this is contingent upon subsequent documents being adopted prior to the October 1 new Fiscal Year. It is advantageous to the City to have the City's RDA in place since any risk there may have been in terms of Convention Center expansion financing are addressed by October 1, 2014.

2. The City asked the County that the restriction of the use of funds south of 6<sup>th</sup> Street be lifted so the City could use those funds, including some funds that the City has on reserve right now, for other projects across the City, namely stormwater projects, to try to alleviate the need to raise stormwater utility rates. We are looking potentially at \$60 - \$70 million of these funds that would be available for that. We are talking about 20-30% of the total cost of those projects, which would significantly alleviate the pressure on the stormwater utility rates.
3. The City has tried to make sure that it would be tourist tax dollars that will be funding the maintenance and capital reserve of the Convention Center, not necessarily tax payer ad valorem dollars out of the RDA. Currently, the City gets \$4.5 million a year of CDT (Convention Development Tax) that go for maintenance and capital of the Convention Center. Obviously with a brand new Convention Center the City will want to ensure that we have an adequate reserve for maintenance and capital. The County has agreed to provide an additional \$4 million over the course of the next few years, that as soon as possible will convert from being an RDA expense to being funded by the CDT starting as early as 2026, depending on availability of those funds, as the County has pledged for expenses such as the Marlins and Dolphins. But the projections show that as early as 2026, the City will be able to get an additional \$4 million, growing at approximately 4% a year, funded by CDT.
4. In addition to that, because the County and the majority of this Commission agree that a Convention Center headquarter hotel is important, the City has gotten at least the County Mayor and his staff an agreement that if a Convention Center headquarter hotel is built, then:
  - The County will put in an additional \$1.5 million a year of CDT funding for 30 years toward the Convention Center projects.
  - The 1% resort tax that was approved by the voters collected from the Convention Center headquarter hotel will then go towards the Convention Center debt amortization.

A portion of the agreement also relates to potential future discussion on other issues such as beach maintenance and control of transit, but those are all for future negotiations. The MOI sets out the framework, in exchange for providing the County with budgetary relief over the next two years, the County is agreeing to things that are going to help the City, not only with our significant Convention Center project, but also with other significant needs, namely the way we are addressing sea-level rise.

#### **Public Comment:**

Frank Del Vecchio spoke in support of the item. Mr. Del Vecchio stated that it is a terrific

concept. This is an agreement amending existing agreements between Miami-Dade County and Miami Beach. Mr. Del Vecchio has reviewed the MOI, he is familiar with the projects involved, and what it does not do is raise any property taxes. Secondly, it will not cut into any funding for the South Pointe Redevelopment District for any project contemplated or anticipated. The one major expenditure, which is not anticipated, mainly the introduction of additional stormwater flood pumps south of 5<sup>th</sup> Street can be accommodated either within the existing funding or within the funding of this agreement. What this agreement does, and it is a great moment for the City of Miami Beach, is provide leverage to the City, as the County needs to find funds for its projected budget deficit. What this does is enable the County to defer payments of about \$30 million, over the next couple of years, that otherwise would be put in a trust fund for use south of 6<sup>th</sup>, the Redevelopment District, which the City has no current need for. In return for deferral of those payments, there will be no reduction over time in the amount of money the County has been obligated to provide to the City from its share of these tax increment funds. But it will enable the City through extension of the funding period for the Convention Center District, to aggregate sufficient funds to retire the bonds for Convention Center development, and as the City Manager pointed out, if a hotel is part of the package, to assist in the financing. The deal is very good for the City of Miami Beach, but it is not a bad deal for the County; the County gets immediate budgetary relief. Note that for the County, these are investments, not expenditures, these are 95% capital investments in facilities which are going to generate revenues, i.e., additional taxes to all the taxing districts: the City, the School Board and the County. The particular investments focus on the Convention Center District is going to generate additional revenues and taxes such as Convention Development Taxes (CDT) and resort taxes. It is the right time for this deal and all parties will benefit. Mr. Del Vecchio stated that Commissioners can in good conscience accept the work that has been done by staff and adopt the resolution authorizing the execution of the MOI.

**2:24:41 p.m.**

**MOTION**

Item moved by Commissioner Tobin.

**SECOND**

Item seconded by Commissioner Weithorn, but she added to the motion that if the County should change any one term of this agreement, the entire deal is off the table. For the record, Commissioner Weithorn emphasized that "it is a package in its entirety." In the event the County wants to change what the City passes today, it is over.

City Manager Jimmy L. Morales stated that Commissioner Weithorn is correct. This is an MOI, there are going to be operative documents, amendments to interlocals, plan amendments to the RDA, etc. The City Attorney's Office will be very busy working on these. There will be votes by this Commission and the County Commission, which will give the public more of an opportunity to flush out the details, as all of these items will come back before the City Commission. Commissioner Weithorn is correct, if the County does not deliver what has been promised, the City is not deferring the money. The nice thing is that it will all be completed by October 1, 2014. The County Mayor and his staff have committed to moving this forward on their side.

**2:26:10 p.m.**

Voice vote: 6-0; Absent: Commissioner Wolfson

**Clerk's Note:** Mayor Philip Levine was present telephonically and Commissioner Joy Malakoff was present via video conference.

Mayor Levine thanked the City Manager, Assistant City Manager Kathie G. Brooks, CFO Patricia Walker, Budget Director John Woodruff and City Attorney Raul J. Aguila for the wonderful job of putting this together in an incredible fast period. This is a great job, and he is happy that the City will be able to execute this quickly.

Commissioner Weithorn stated that we also need to thank our counterparts in the County because as quickly as the City moved, the County moved just as quickly. She particularly thanked Jennifer Moon, Director of Office of Management and Budget for Miami-Dade County and Ed Marquez, Deputy Mayor for Miami-Dade County.

Commissioner Malakoff stated that it was her pleasure to vote for this item. It looks like a wonderful future both for the City and the County working together.

Meeting adjourned at 2:27:47 p.m.

Handouts and Reference Materials:

1. Memorandum from Jimmy L. Morales, City Manager, dated June 25, 2014, with subject: Request to hold a Special City Commission Meeting
2. City of Miami Beach Notice of Special Commission Meeting – Published Thursday, June 26, 2014 Miami Herald – Advertisement 904
3. Draft Memorandum of Intent
4. City Center CRA Revenue Projection (Exhibit A)
5. Email from Jimmy L. Morales, dated June 27, 2014 at 12:30 PM, with subject: MOI
6. Email from Frank Del Vecchio, dated June 27, 2014 8:37 AM, with subject: Special Meeting Today re City/County RDA Interlocal Agreements [R7A]